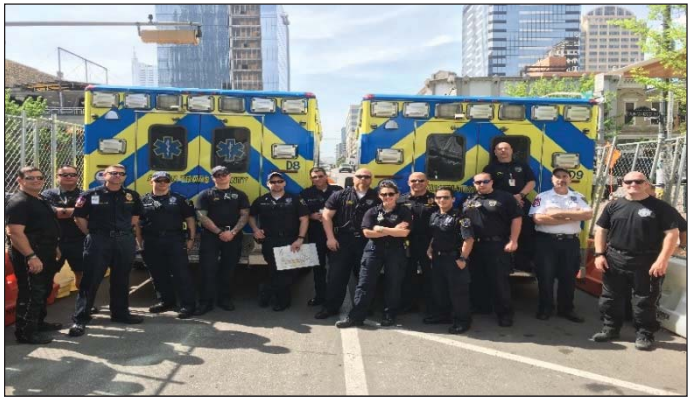
Percentage Cap on Public Safety Expenditures



May 17, 2017

City of Austin, TX

Overview

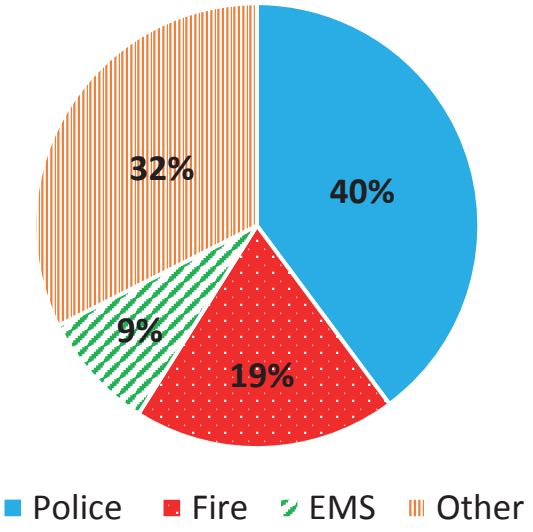
Today's Agenda

- Comparison of Peer Cities (San Antonio and Dallas)
  - City Differences and Comparison Limitations
- Performance Benchmarks (San Antonio and Dallas)
- Public Safety Cost Drivers
  - Contracts, operations, and other factors
- Three-Year Public Safety Needs Assessment
- Projected Public Safety Budget Growth Relative to the Existing General Fund Percent of Budget

FY 2017 Budget Comparison

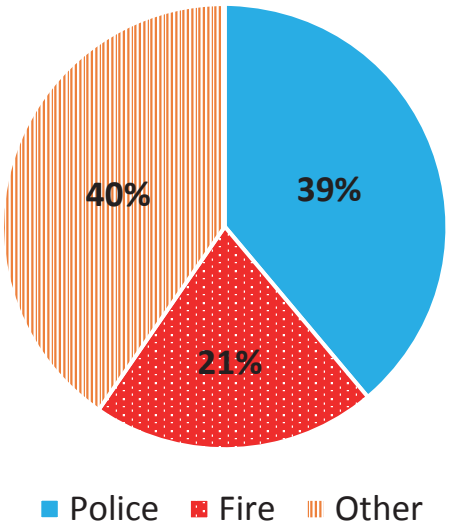
Austin, San Antonio, and Dallas

Austin – 68% Public Safety



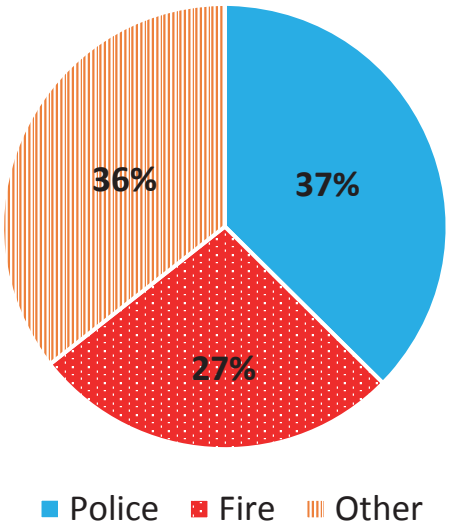
GF Budget: $971 million
Population: 931,830

Dallas – 60% Public Safety



GF Budget: $1,229 million
Population: 1,300,092

San Antonio – 64% Pub. Saf.



GF Budget: $1,143 million
Population: 1,469,845

Note: In Dallas and San Antonio, emergency medical services are provided by the fire departments of those cities.

Source: Population numbers from census.gov as of July 1, 2015

Shortcomings of Percentage Comparisons

Differences in Budget Structures Between Cities

- Compared to Austin, Dallas and San Antonio have more General Fund supported departments
  - Support functions (e.g. Law, Finance, Human Resources, etc.)
  - Economic Development
  - Code Compliance
  - Public Works/Transportation
- General Fund services across similar departments in comparison cities vary. Unlike Austin…
  - …Dallas includes golf services as part of its General Fund
  - …San Antonio includes cemetery services as a separate fund
  - …Dallas and San Antonio both budget development services as enterprise funds
- Handling of Tax Increment Funds

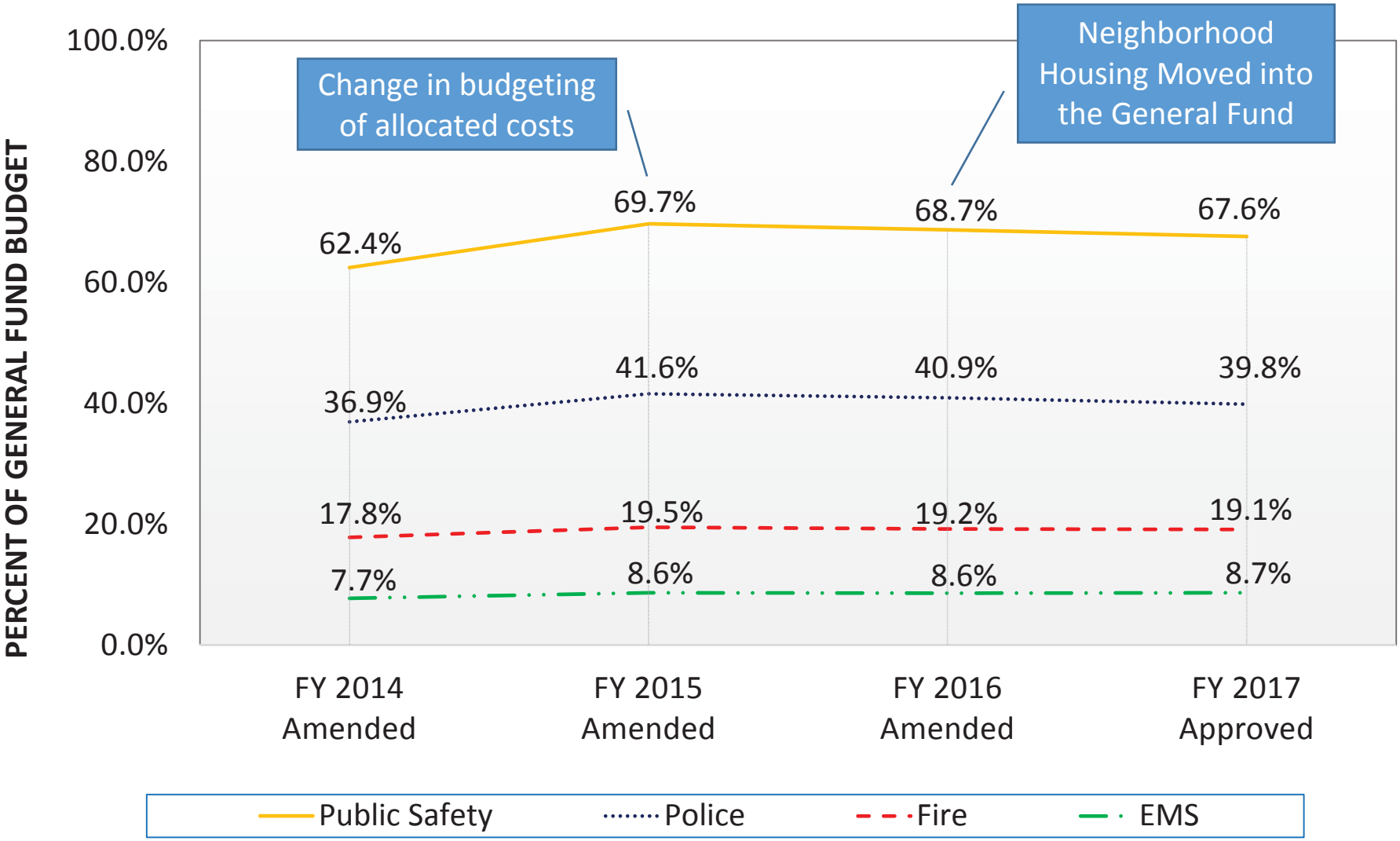
Shortcomings of Percentage Comparisons

Other Challenges

- Jurisdictional service delivery responsibilities vary
  - In Dallas, some public health functions are provided by the county instead of the City, including HIV/AIDs services and other communicable disease detection and prevention services
  - Regional EMS service delivery in Austin
  - Pending agreement with ESD 4
- Impact of grants a city receives on how and where funds are budgeted
- Resource allocation decisions made based on community needs and priorities

General Fund – 4 Year History

Percent of General Fund: Public Safety



Police Department Performance Benchmarks

FY 2015* or 2016 Data

Performance Metrics	Austin	Dallas	San Antonio
Violent Crime Rate*	3.73	6.94	5.87
Property Crime Rate*	37.71	34.40	50.29
Total Response Time for Emergency and Urgent Calls (Minutes)*	8:04	8:00	7:12
Resident Satisfaction with Overall Quality of Police Services	71%	68%	64%
Number of Traffic Fatalities*	95	122	149
Sworn Personnel	1,908	3,613	2,373

* *Figures reflect FY 2015 data. Data for FY 2016 is unavailable at this time due to a delay in reporting from the FBI.*

Fire Department Performance Benchmarks

FY 2016 Data

Performance Metrics	Austin	Dallas	San Antonio
Number of Unintentional Civilian Fire Deaths *(all fires – vehicles, grass, structures)*	5	12	3
Number of Unintentional Civilian Fire Deaths in Structures *(structure fires only)*	4	10	0
Percent of Structure Fires Confined to the Room of Origin	83%	52%	75%
Response Time: Call Receipt to Arrival of First Unit	9:13 (90%) 7:33 (avg)	-----	7:57 (avg)
Response Time: Dispatch to Arrival of First Unit	4:42 (avg)	4:57 (avg)	-----
Percent of Arson Cases Cleared by Arrest	42%	25%	10%
Community Satisfaction with the Quality of Fire Service	83%	89%	82%
Sworn Personnel*	1,150	2,163	1,714

∗ *In Dallas and San Antonio, emergency medical services are provided by the fire departments of those cities.*

EMS Performance Benchmarks

FY 2016 Data

Performance Metrics	Austin	Dallas *	San Antonio *
Priority 1 Response Time Compliance	91.4%	90%	7:43 Minutes
Overall Response Time Compliance to all Priorities	95.7%	90%	8:00 Minutes
Percent of Patients in Cardiac Arrest that have a Return of Pulses	33.1%	20%	30%
Percent of Residents Satisfied or Very Satisfied with Service	81%	87%	94%
Percent of Customers Satisfied or Very Satisfied with Service	97%	88%	No data
Medical Priority Dispatch System Compliance	99%	New Measure	Doesn't Measure
Sworn Personnel*	574	n.a.	n.a.

* *In Dallas and San Antonio, emergency medical services are provided by the fire departments of those cities*

Police Labor Cost Drivers

Step, Wage Increases, and Overtime

- Base wage increase per contract

Police	FY 2014	FY 2015	FY 2016	FY 2017
Increase	1.5%	1.0%	1.0%	2.0%

- Overtime expenditure history per sworn employee

Police	FY 2014	FY 2015	FY 2016	FY 2017
Average Amount	$8,108	$8,968	$11,647	$11,199*

* *Projected*

- Step pay contract increases for police officer

Years at Department	After 1 Year	After 2 Years	After 6 Years	After 10 Years	After 14 Years	After 16 Years
Percent Increase	12%	10%	7%	7%	7%	7%
Annual Salary	$65,850	$72,681	$77,766	$83,211	$89,035	$95,270

Police Labor Cost Drivers

Specialty Pay Summary

Types of Pay	Annual Amounts	Number of Employees (April 2017)
Longevity: $107 per year of service; max of 25 years	$107 - 2,675	1,770
Field Training Officer (FTO)	$2,100	142
Mental Health Certification	$2,100	154
Bilingual	$2,100	319
Clothing Allowance	$500	463
Education Incentive (Associate's, Bachelor's, Master's)	$1,200-3,600	1,518*
TCLEOSE Certificate (Intermediate, Advanced, Master)	$600-1,800	
Shift Differential: evening or night shift; 28-day cycle	$3,600	801

* *Combined total as a sworn employee cannot receive both an Education Incentive and Texas Commission on Law Enforcement Officers Standards and Education Certificate*

Fire Labor Cost Drivers

Step, Wage Increases, and Overtime

- Base wage increase per contract

Fire	FY 2014	FY 2015	FY 2015 (June)	FY 2016	FY 2017
Increase	Impasse	Impasse	1.0%	2.5%	2.0%

- Overtime expenditure history per sworn employee

Fire	FY 2014	FY 2015	FY 2016	FY 2017
Average Amount	$5,908	$14,336	$16,415	$26,601*

* *Projected*

- Step pay contract increases for a firefighter

Years at Department	After 1 Year	After 2 Years	After 3 Years	After 6 Years	After 9 Years	After 12 Years	After 15 Years	After 18 Years	After 21 Years
Percent Increase	9%	9%	9.15%	5%	5%	5%	5%	5%	5%
Annual Salary	$56,447	$61,249	$66,854	$70,194	$73,705	$77,385	$81,260	$85,318	$89,584

Fire Labor Cost Drivers

Specialty Pay Summary

Types of Pay	Annual Amounts	Number of Employees (April 2017)
Longevity: $100 per year of service; max of 25 years	$100 – 2,500	979
Airport Fire and Rescue	$1,800	51
Staff Schedule	$5,400	73
Special Operations Teams	$1,800	117
Bilingual Translation	$2,100	177
Education Incentive (Associate's and Bachelor's)	$600-1,200	838
Certification (Intermediate, Advanced, Master)	$600-1,800	

∗ *Combined total as a sworn employee cannot receive both an Education Incentive and Certification Pay*

EMS Labor Cost Drivers

Step, Wage Increases, and Overtime

- Base wage increase per contract

EMS	FY 2014	FY 2015	FY 2016	FY 2017
Increase	1.5%	1.0%	1.0%	2.0%

- Overtime expenditure history per sworn employee

EMS	FY 2014	FY 2015	FY 2016	FY 2017
Average Amount	$17,418	$17,237	$17,280	$17,428*
Average Scheduled Overtime	$10,352	$12,395	$11,900	$11,006

** Projected*

- Step pay contract increases for a Field Medic I and II

Years at Department	After 1 Year	After 3 Years	After 5 Years	After 7 Years	After 8 Years	After 11 Years	After 14 Years	After 17 Years	After 20 Years
Percent Increase	5%	5%	7%	7%	7%	7%	7%	7%	7%
Medic I	$41,850	$43,950	$47,029	$50,315	$53,851	$57,616	$61,651	$65,957	$70,574
Medic II	$48,984	$51,418	$55,016	$58,885	$63,003	$67,413	$72,114	$77,168	$82,576

EMS Labor Cost Drivers

Specialty Pay Summary

Types of Pay	Annual Amounts	Number of Employees (April 2017)
Service Incentive Pay: Same method as non-sworn staff	5 years: $500 7 years: $1,000 15 years: $1,500	290
Field Training Officer (FTO)	$2,100	17
Special Operations Qualified	$2,100	51
Aeromedical Communications Specialist (ACS)	$1,800	8
Bilingual	$1,800	52
Education Incentive (Bachelor's and Master's)	$1,800-2,400	95

Other Public Safety Cost Drivers

- City Contribution to Retirement (FY 2016)
  - Police - Sworn: $33.1 million (21.3% City/13% employee)
  - Fire - Sworn: $19.1 million (22.05% City/18.7% employee)
  - EMS - Sworn: $5.0 million (18% City/8% employee)
- City Contribution to Health Insurance ($13,140 per employee in FY 2016)
  - Police - Sworn: $24.9 million
  - Fire - Sworn: $15.1 million
  - EMS - Sworn: $6.8 million
- Contract mandated Court overtime for police officers

Other Public Safety Cost Drivers

- Backfill of vacant Fire positions
  - Fire used $12.5 million in overtime in FY 2016
- Vacation time counted as productive time
  - FY 2016: Police ($500,000); Fire ($1.1 million)
- Four-person staffing
- Hiring Challenges
  - High number of vacant positions in Fire is the primary driver of increased overtime
- Implementation of EMS 42-hour work week
- Unexpected events such as storms, K2 crisis, crowd control at public assemblies

Five-Year Needs Assessment

Police

- 329 Sworn Positions

163 positions for Community Policing per Matrix Report
100 Detectives to address workload in child abuse, sex crimes, robbery, burglary, and digital forensics
8 Officers for Highway Response Team, Missing Persons, etc.
10 Officers to create five permanent Homeless Outreach Street Teams
7 Corporals for DWI and Commercial Vehicle Enforcement, Motors and Parks
41 positions for a new sector by FY 2022

- Funding for 12 positions added in FY17
- Replace the Computer-Aided Dispatch/Records Management System by 2020
- Northwest Substation, Northeast Substation, addition to the Public Safety Training Academy

Five-Year Needs Assessment

Police

- Facility improvements, equipment replacement and overtime
- Total of 83.5 civilian positions

16 communications staff to complete funding of the Emergency Communications Staffing Plan
9 staff to assume Community Liaisons functions from sworn per Matrix report
18 positions in Forensics (6 Property Crime Technicians, 6 Crime Scene Specialists, 4 Latent Print Examiners, 1 Quality Assurance Assistant, and 1 Firearm & Toolmark Supervisor)
26.5 staff for Victim Services, records, inventory, evidence control, human resources, and other support functions
5 staff to support sector command
9 positions for a new sector by FY 2022

Five-Year Needs Assessment

Fire

- Total of 80 sworn positions

16 positions for Onion Creek ladder unit
48 positions for three new stations (construction and equipment debt funded)
6 Battalion Chiefs; 2 per year over next three years
10 staff for special events, dispatch and inspection

- 7 civilian staff for IT, compliance, and administration
- Facility improvements, equipment replacement, and software

Five-Year Needs Assessment

Emergency Medical Services

- Total of 82 sworn positions

Three new Peak-Load Units (18 positions)
Six Single Paramedic Response Units (24 Medics)
Two additional stations (24 positions)
8 Communications Medics for increasing 911 call volume
8 staff for training, management and a new Command District

- 9 civilian staff for finance, the Mobile Integrated Health Triage Line, quality assurance, maintenance, and scheduling
- Facility main improvements, training, and software

Five-Year Needs Assessment

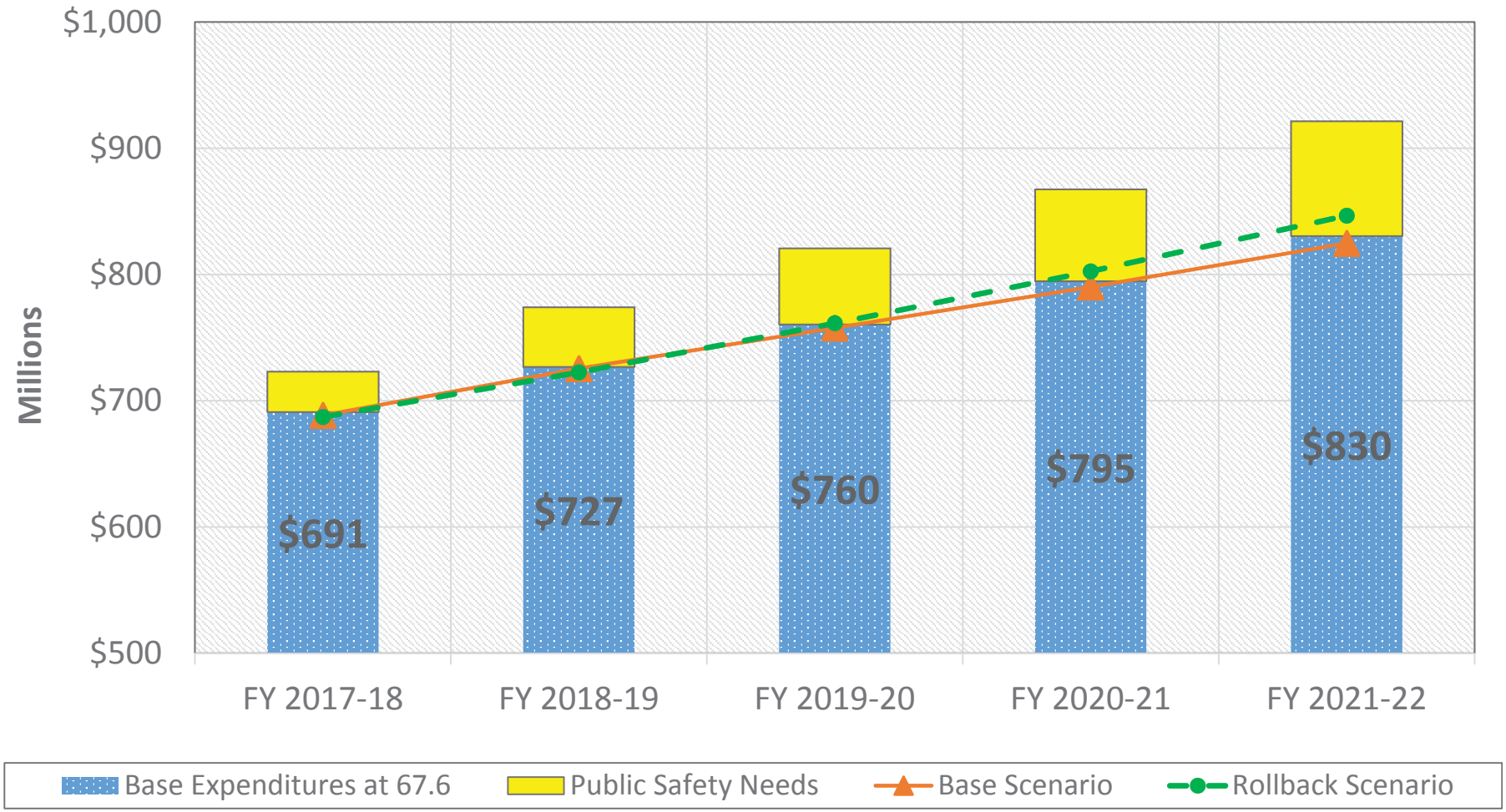
Preliminary Cost Estimates

Department	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Police	$26.2	$6.0	$5.8	$5.0	$11.5
Fire	$4.4	$1.8	$0.3	$1.5	$1.5
EMS	$1.5	$3.6	$3.1	$2.3	$1.4
Total	**$32.1**	**$11.4**	**$9.2**	**$8.8**	**$14.4**

- Large amounts in FY 2018 and FY 2022 for Police are for community policing initiative per the Matrix Report and the addition of a new sector respectively
- Dollar amounts do not include capital improvement projects

Five-Year Budget Projection*

Police, Fire, and Emergency Medical Services



* *Base and rollback scenario lines reflect expenditure limits equal to the current level of 67.6% of the total General Fund being allocated to public safety departments*

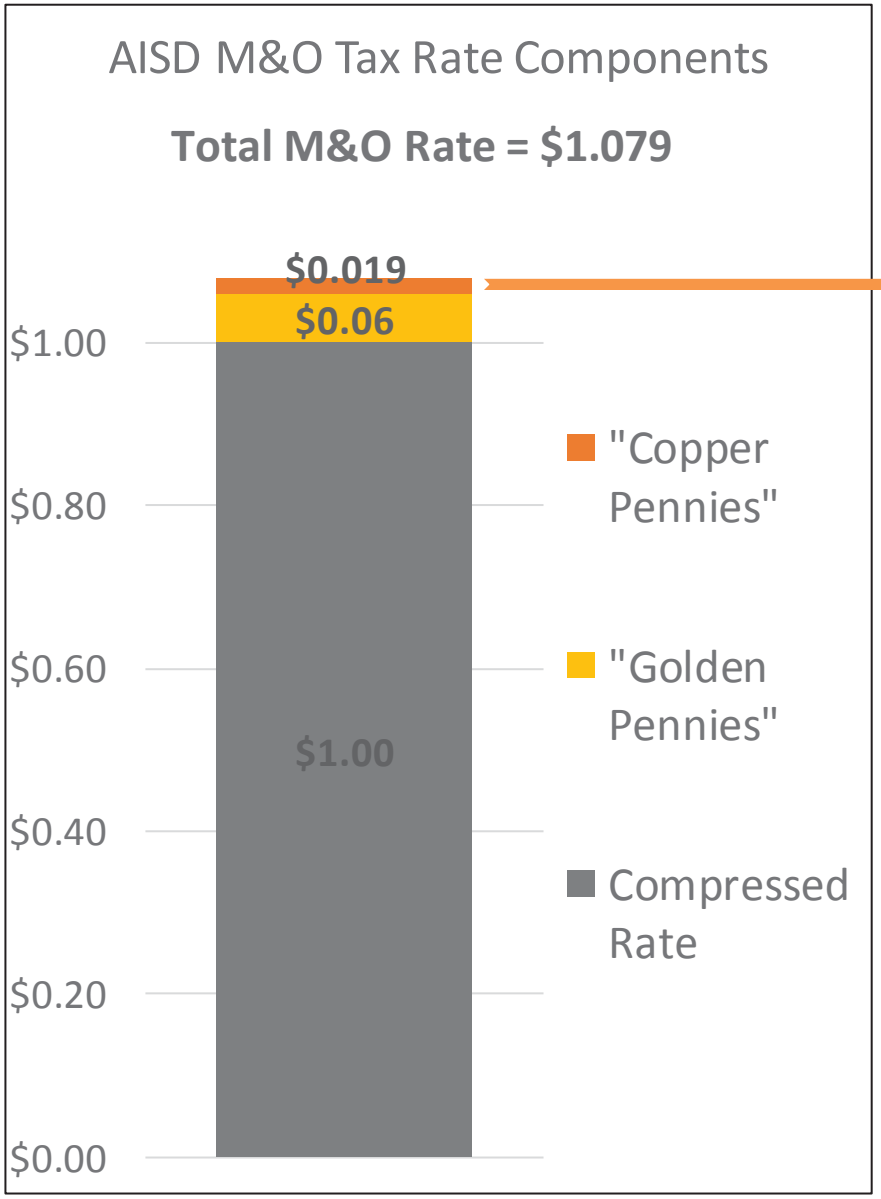
Questions / Comments

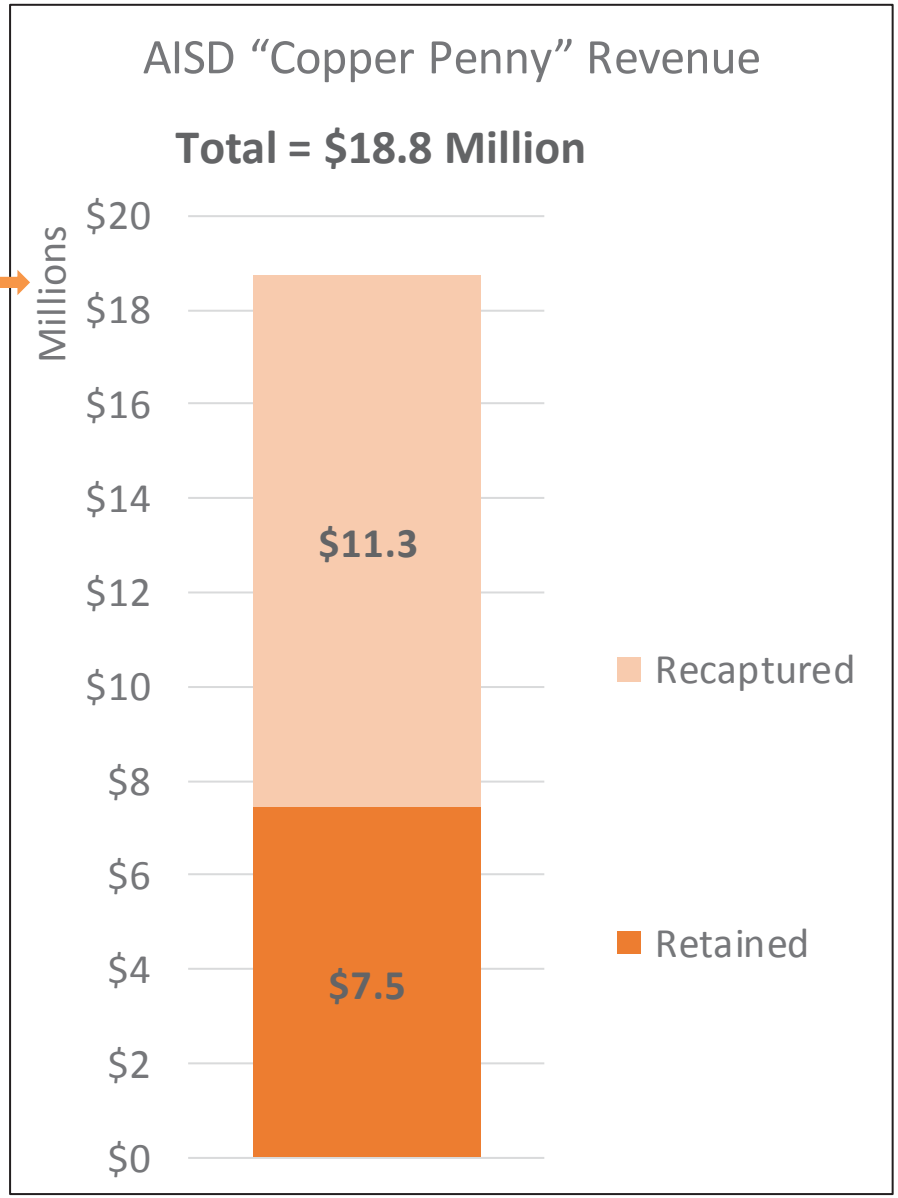
Prospective Tax Swap with Austin Independent School District

May 17, 2017

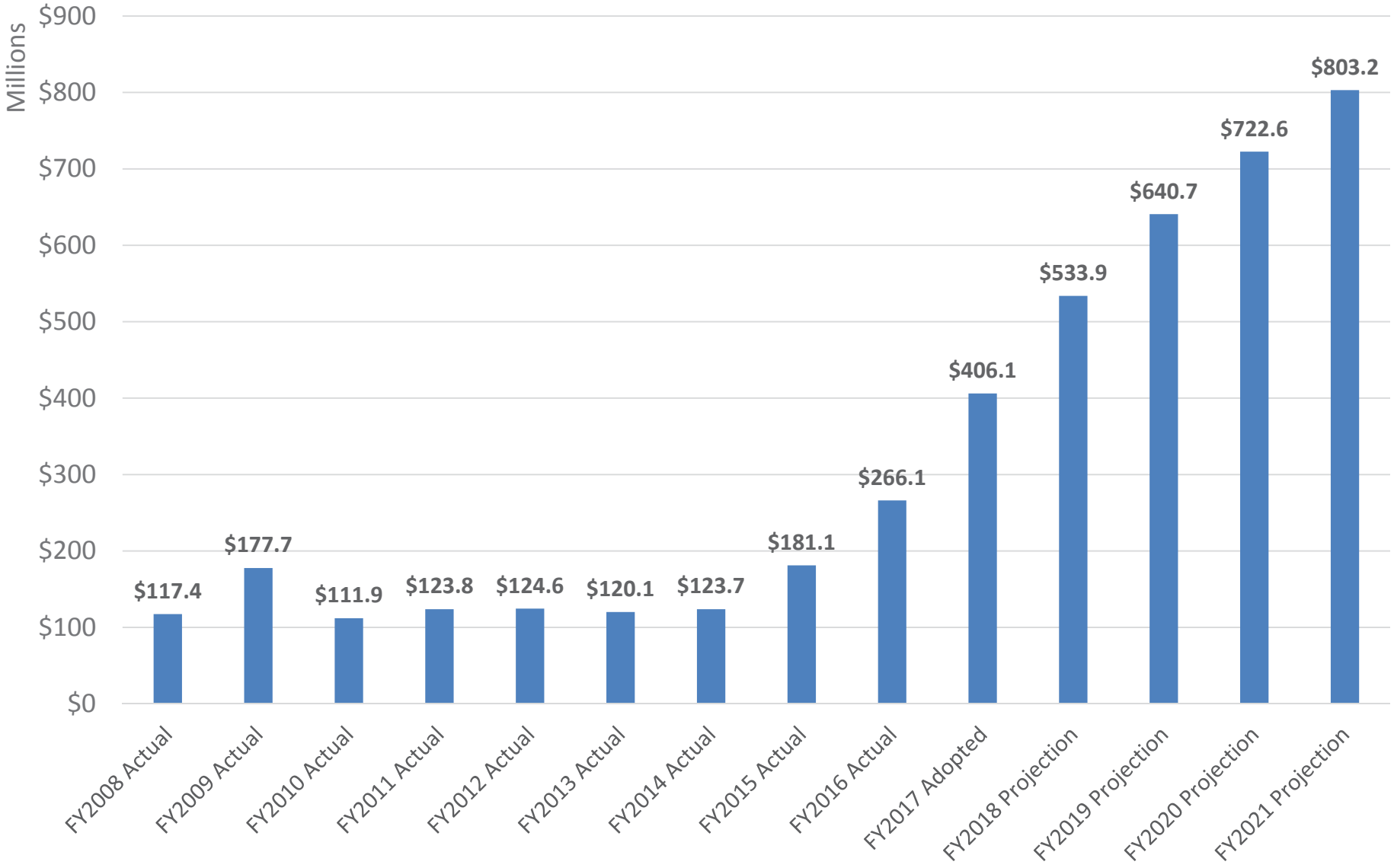
City of Austin, TX

AISD Recapture Dynamics – Fiscal Year 2017

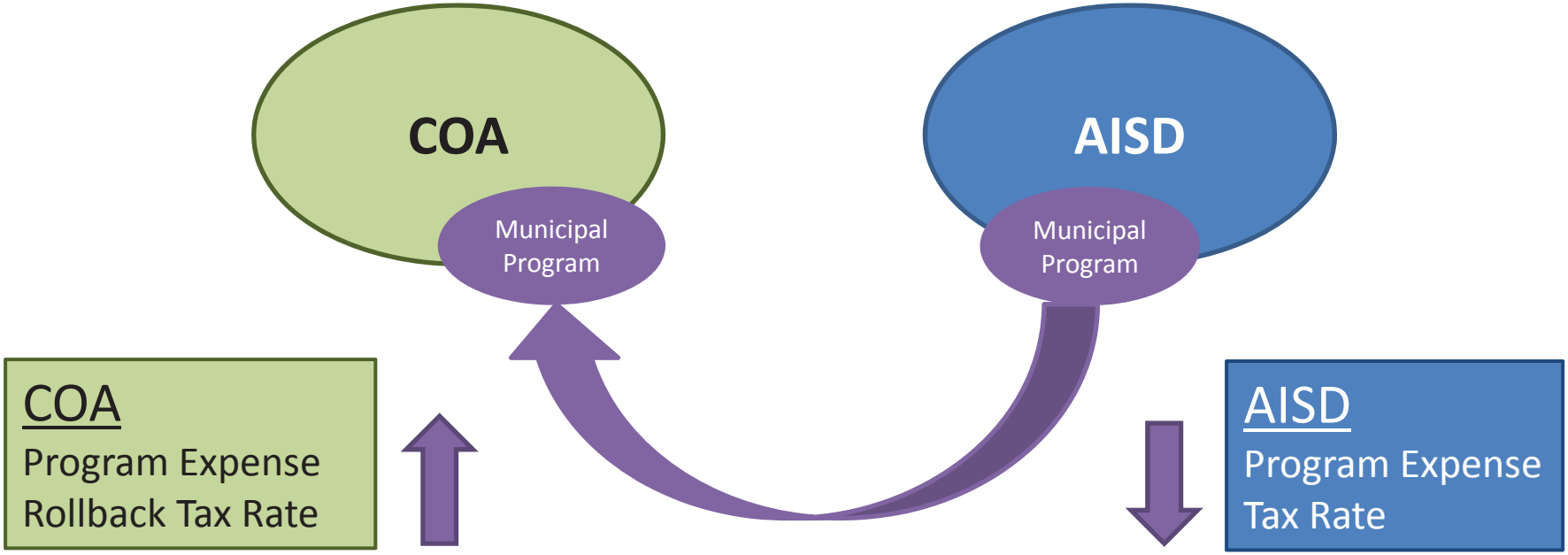




Historical and Projected AISD Recapture Payments



Financial Mechanics & Legal Parameters



- The activity being transferred to the City must fulfill a legitimate municipal purpose, as opposed to a school district purpose
- The transferring entity must discontinue operating the activity
- The City can only be "held harmless" with respect to its rollback tax rate for those costs funded by the transferring entity with local tax revenue in the previous 12 months

Three Groups of Scenarios

1. **City Provision of Services**

   The City takes on eligible AISD programs and staff.

2. **Outsourcing of Services**

   AISD programs and staff are first outsourced to third-party vendors at the same cost and responsibility for the funding and administration of these contracts is then transferred from AISD to the City.

3. **Non-Tax Swap Options**

   City contracts with AISD to provide funding for eligible services without using the tax swap provisions of State law.

City Provision of Services

Challenges

- The City's significantly higher cost structure makes these options cost prohibitive (i.e. higher costs substantially erodes or completely eliminates any potential tax savings to the community)
- Civil service and labor contracts present barriers to AISD staff transitioning to City employment
- Potential impacts to retirement planning of transferred AISD employees
- Additional legal and procedural hurdles regarding the transfer of public safety personnel

Outsourcing of Services

Challenges

- Potentially significant impacts to pay, health insurance, retirement, and job stability for as many as 250 existing AISD employees
- Difficulty outsourcing all eligible programs, especially at AISD's existing cost
- Potential for reduced responsiveness of programming due to it being outsourced
- AISD administration and Board have not signaled approval for this approach

Non-Tax Swap Options

Addresses many of the challenges of a tax swap

- No increase in cost structure
- No disruption to AISD workforce
- No change in service delivery model
- Can be implemented quickly

Challenges

- City of Austin not held harmless with respect to rollback calculation – would likely require the City to exceed the rollback rate

Challenges Common to All Scenarios

- **Impact on Seniors**

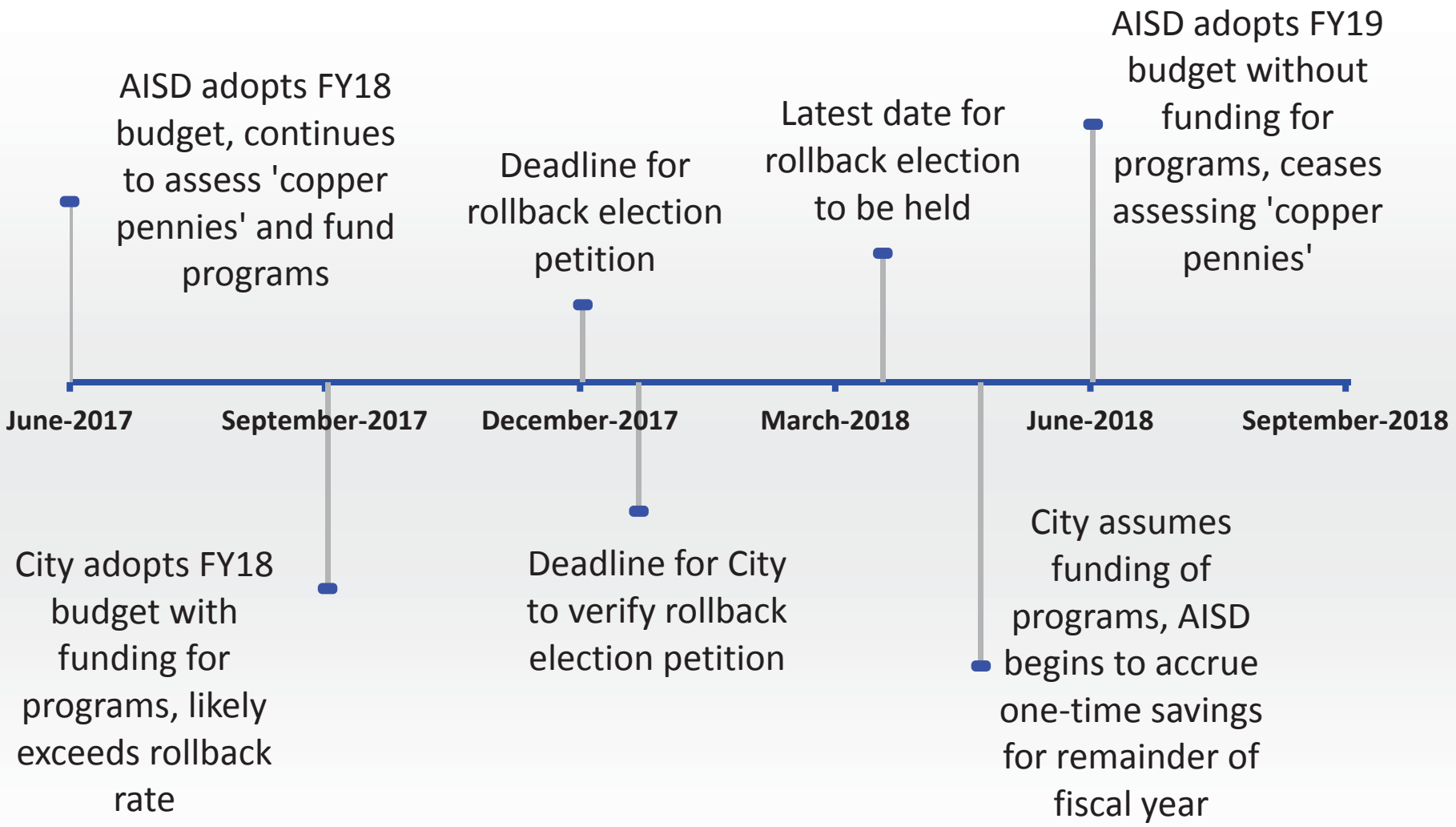
  Tax bills will rise for seniors due to "tax freeze" provided by school districts. Impact could be offset in aggregate by increasing the City's senior exemption.

- **Impact on Non-AISD City Tax Payers**

  The approximate 25% of residents that live outside of the AISD service boundary would experience higher tax bills.

  - Could City fund eligible programs in school districts servicing other parts of the City as well as the AISD region?

Prospective Timeline



Questions/Discussion

General Fund Reserve Policy

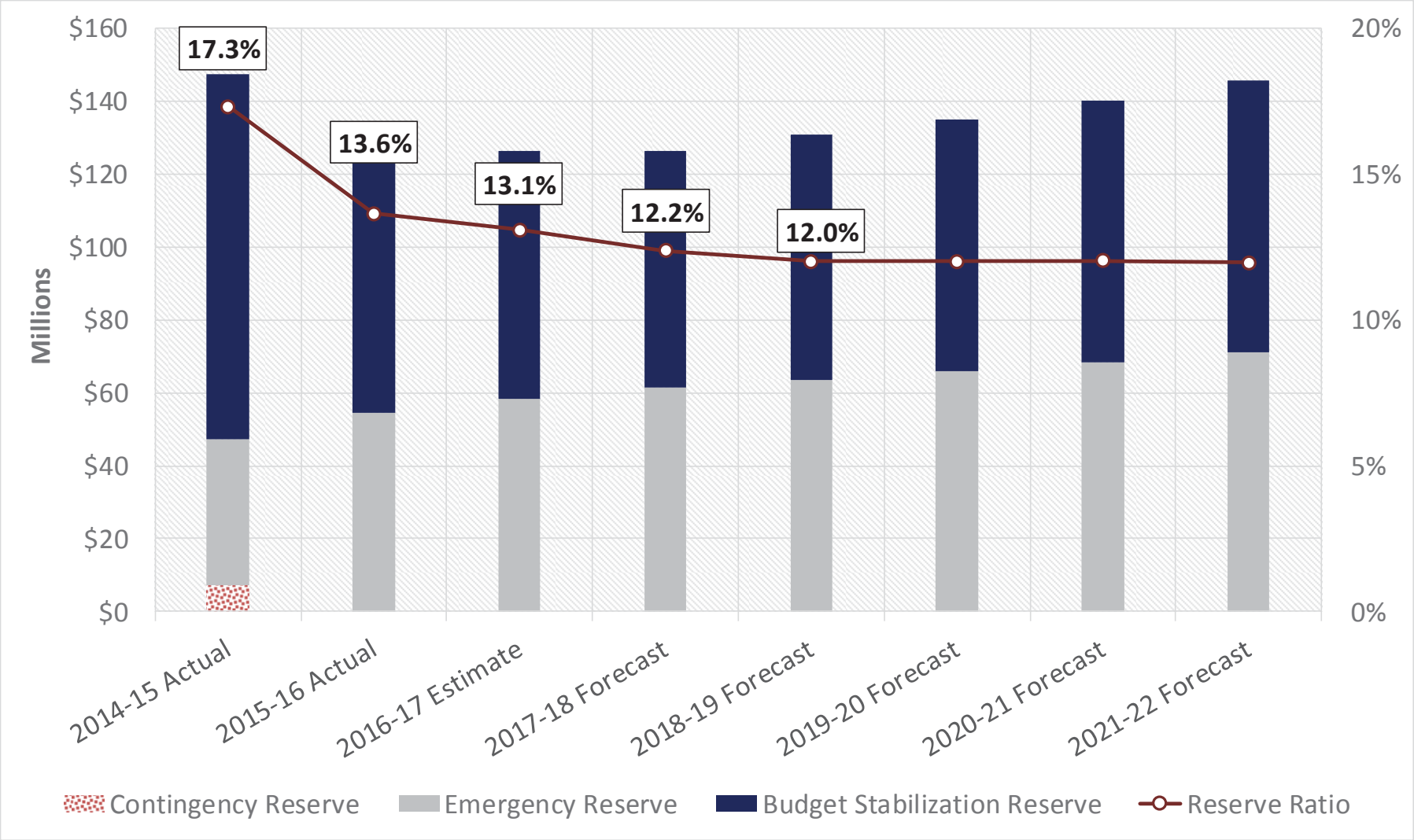
Overview & Analysis

May 17, 2017

City of Austin, TX

General Fund Reserves

Balance by Fund and as a Percent of General Fund Expenditures



#12: General Fund Emergency Reserve Fund

- Equals 6% of total General Fund requirements
- Purpose is to provide for temporary financing of unanticipated or unforeseen extraordinary needs of an emergency nature
- Funds shall be allocated from the Emergency Reserve Fund only after:
  - An analysis has been prepared by the City Manager
  - The City Council has found that an emergency or extraordinary need exists
- Funds used must be replenished in next year

#13: General Fund Budget Stabilization Reserve Fund

- Intended to provide financial stability for the General Fund during economic downturns
- Revenue in excess of budget projections and unspent appropriations are captured at year end
- During the annual budget process, up to one-third of the total amount of this reserve may be appropriated to fund capital items or other one-time costs each year

#14: Reserve Level

- Combined, the Emergency Reserve and Budget Stabilization Reserve should be at least 12% of total fund requirements.

Best Practices

Per Government Finance Officers Association

- A key component of governance accountability is not to incur excessive risk in the pursuit of public goals. Financial policies identify important risks to financial condition.
- Policies should be expressed in a manner that is understandable to the intended audiences.
- Policies should address all relevant issues and risks for that specific policy in a concise fashion.

Comparison to Other Texas Cities

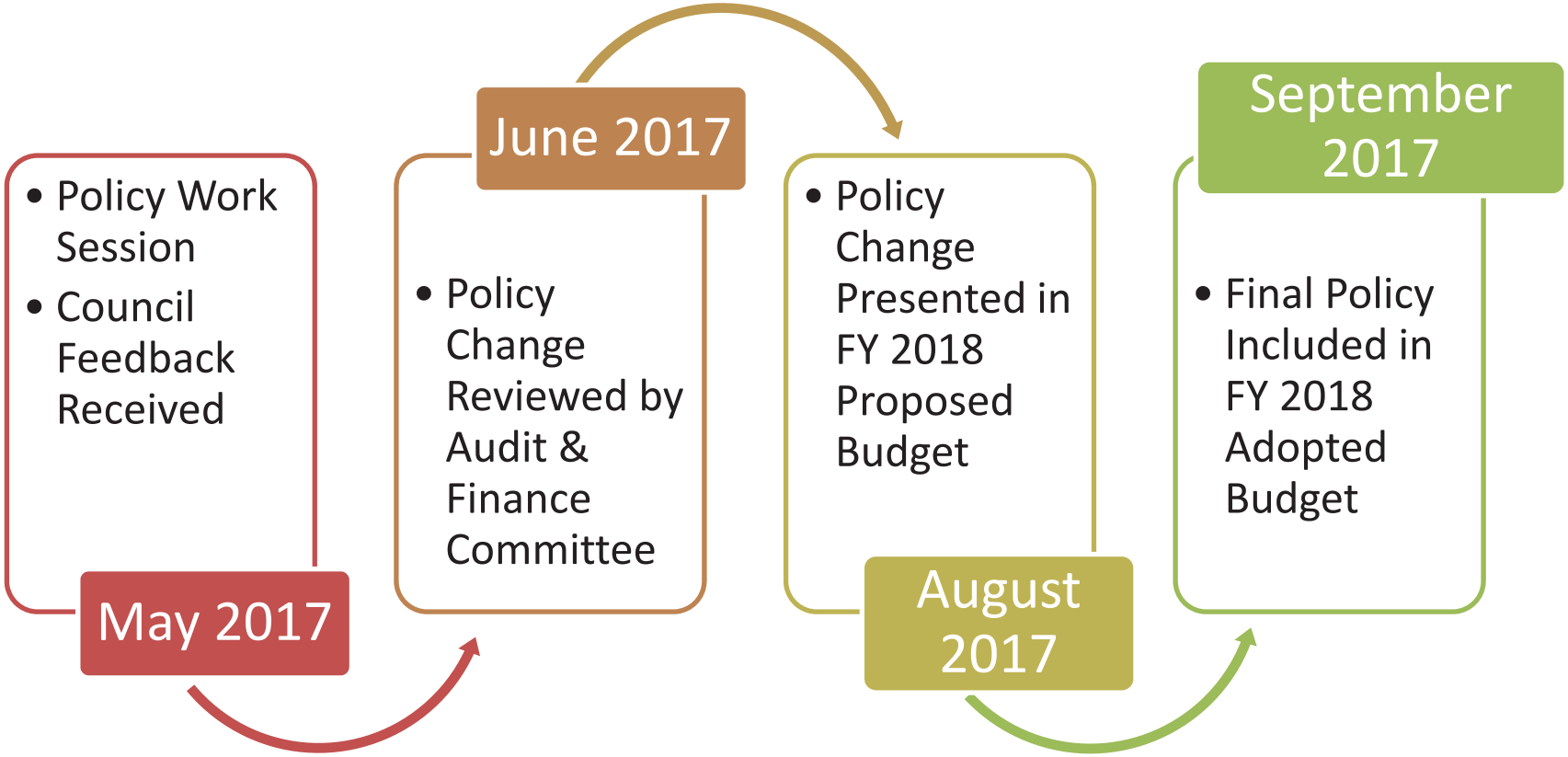
City	Policy	%
El Paso	Fund balance maintained equal to 45 days (approx. 12.5%) of General Fund expenditures; Cash reserve of 5%	17.5%
Ft. Worth	Minimum fund balance of 10% of General Fund operations with a goal of 16.67%	16.67%
San Antonio	Minimum ending balance of 15%; $1 million contingency reserve	15%
Austin	6% emergency reserve and goal of additional 6% Budget Stabilization	12%
Dallas	Contingency and emergency reserves combined not less than 30 days of General Fund operating (approx. 8%)	8%

Draft Policy Revision Language

- Amend Policy #14 to support reserve level attainment higher than 12% during economic growth.

Combined, the Emergency Reserve and Budget Stabilization Reserve should be at least 12% of total fund requirements. During periods when sales tax growth exceeds 5% annually, the City's goal is to increase the combined reserve up to 15% of total fund requirements, in order to create greater resiliency for periods when sales tax revenue declines.

Timeline


May 2017
• Policy Work Session
• Council Feedback Received
June 2017
• Policy Change Reviewed by Audit & Finance Committee
August 2017
• Policy Change Presented in FY 2018 Proposed Budget
September 2017
• Final Policy Included in FY 2018 Adopted Budget

Questions/Discussion

Prioritization of Council Initiatives

May 17, 2017

City of Austin, TX

Outstanding Council Policy Initiatives

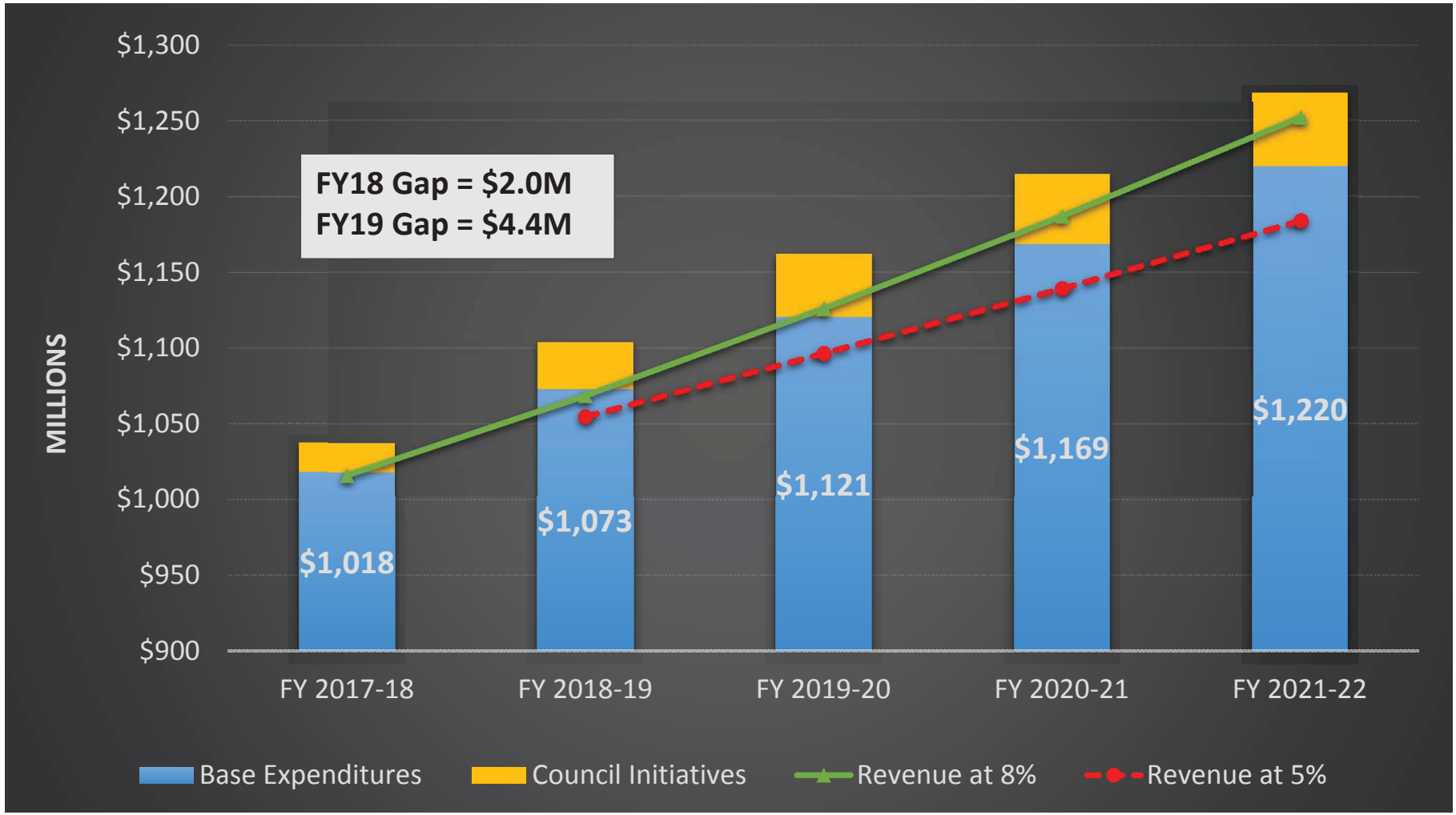
Estimated Incremental Operating Costs of Implementation

Council Initiatives	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Housing Trust Fund*	1,303,022	1,700,000	1,300,000	800,000	500,000
Austin Public Health and Social Service Contracts	7,380,126	5,833,594	5,833,594	0	0
5 New Fire Stations	0	1,500,000	0	1,500,000	0
Community Policing	9,934,481	1,862,285	2,428,387	2,140,346	1,971,655
12 Unfunded Officers	1,461,238	0	0	0	0
Living Wage	600,000	1,000,000	800,000	0	0
Total Council Initiatives	**$20,678,867**	**$11,895,879**	**$10,361,981**	**$4,440,346**	**$2,471,655**

* Forecast is for existing properties only; does not include Bull Creek or other future properties that may become eligible.

Five-Year General Fund Outlook FY 2018-22

Projected Baseline Expenditures vs. Revenue



∗ *Base expenditures do not include funding for new departmental requests such as additional officers, PARD staffing, and technology initiatives*

Questions / Discussion